

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-11 RSC-01

CIAE-00 INR-10 NSAE-00 PA-04 PRS-01 USIA-15 AID-20

EB-11 OMB-01 ABF-01 TRSE-00 DRC-01 /153 W

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TO SECSTATE WASHDC 2386

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E.O. 11652: NA

TAGS: AORG, UNDP, EAID

SUBJ: UNDP GOVERNING COUNCIL

1. AGENDA ITEM 7-C. ASSISTANT ADMINISTRATOR OLBER OPENED DISCUSSION OF AGENCY OVERHEAD COST ITEM BY NOTING THAT EVIDENCE HAS MOUNTED STEDILY THAT UNDP REIMBURSEMENTS ARE LESS THAN ACTUAL COSTS. HE THEN SUMMARIZED DATA DP/31 AND DP/37 NOTING THAT IDEALLY UNDP COSTS SHOULD BE KEPT AS LOW AS POSSIBLE BUT REALISTICALLY, THE EXECUTING AGENCIES MUST BE MAINTAINED. THE QUESTIONS POSED ARE HARD ONES, HE SAID, AND THE ADMINISTRATION RELUCTANT TO COME TO ANY CONCLUSIONS NOW. PRESENT INFORMATION IS TOO SKETCHY. BY NEXT JUNE, THERE WILL BE MORE DETAILED INFORMATION AND DECISIONS CAN BE MADE THEN HOPEFULLY. ACABQ HAS INDICATED THAT IT WILL REVIEW CCAQ TASK FORCE REPORTS AND INFORMATION IN SPRING AND PERHAPS WILL BE ABLE TO PREPARE A REPORT IN TIME FOR THE JUNE SESSION. ADMINISTRATION ASKING, AT THIS SESSION, ONLY FOR GENERAL COMMENTS OF DELEGATIONS.

2. IN ENSUING DISCUSSION, 19 DELS, INCLUDING MOST MAJOR DONORS OTHER THAN U.S.N SPOKE, GIVING OPINIONS AND ASKING QUESTIONS ABOUT DOCUMENTS. IN A WRAP-UP, OLVER SUMMARIZED COMMITTEE MEMBERS' REMARKS AS CLEAR DANGER SIGNAL TO EXECUTING AGENCIS THAT 20-25 PERCENT FIGURE FOR REIMBURSEMENT CLEARLY MUST BE RULED OUT. HE NOTED THAT UNDP

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HAS BEEN PARTICIPATING IN TAKS FORCE AS REQUEST BY G.C.

AT 16TH SESSION. IT WOULD BE USEFUL HE SAID IF JOINT INSPECTION UNITED COULD REVIEW TASK FORCE DATA AND REPORTS BEFORE JUNE SESSION BUT NOT YET CLEAR WHETHER TIMING AND JIU WORKLOAD WILL MAKE THIS POSSIBLE. IT IS PROBABLE THAT THERE WILL BE GREAT TIME PRESSURE WITH REGARD TO ACABQ REPORT AND IF THE IDEA (WHICH HAS BEEN MOOTED IN CORRIDORS) OF STARTING JUNE SESSION TWO WEEKS EARLIER SHOULD BE ADOPTED, IT MWY WILL BE THAT ACABQ COULD NOT COMPLETE A REPORT IN TIME. IN THAT CASE, THE COUNCIL MIGHT NOT BE ABLE OR WILLING TO MAKE A FINAL DECISION ON REIMBURSEMENT AT THE 18TH SESSION.

3. OLVER REJECTED AGAIN A SUGGESTION PREVIOUSLY PUT FORWARD FOR INCLUDING OVERHEAD COSTS AS A PART OF EACH COUNTRY'S IPF. HE ALSO NOTED THAT THE NEW COST MEASUREMENT SYSTEM IS NOT ONLY FOR DETERMINING OVERHEAD COSTLEVELS BUT ALSO FOR BUDGETING AND PROGRAMMING USE WND FOR GENERAL MANAGERIAL PURPOSES. UNDP ITSELF IS BEGINNING THE IMPLEMENTATION OF THE NEW SYSTEM. HE STATED THAT UNDP'S INITIAL EXPERIMENTS WITH SUBCONTRACTING AS A METHOD OF PROJECT EXECUTION LOOKED PROMISING, BUT CAUTIONED THAT THIS A NEW THING ONLY BEGUN IN THE LAST YEAR AND SO FAR DONE ONLY ON A LIMITED BASIS.

4. OLVER (AND DP/31) NOTED THAT THE TASK FORCE HAD NOT ATTEMPTED COST MEASUREMENT BY PROJECT OR BY TYPE OF PROJECT, CONSIDERING THE COSTS TO EXCEED THE BENEFITS. THERE WAS ENOUGH URGING FROM A VARIETY OF DELEGATIONS TO FINALLY PERSUADE THE ADMINISTRATION THAT SUCH MEASUREMENT SHOULD BE AT LEAST TRIED. FAO, AS AN EXECUTING AGENCY WITH A LARGE SHARE OF UNDP'S PROJECTS, AGREED TO TRY SUCH MEASUREMENTS ON BEHALF OF ALL EXECUTING AGENCIES AND REPORT ON THE RESULTS.

5. FAO REP WAS OFFERED FLOOR TO RESPOND TO COMMENTS AND DISCUSSIONS OF COMMITTEE. HE STATED THAT FAO IS AS CONCERNED ABOUT THE LEVEL OF COSTS AS ARE THE MEMBERS OF G.C. THE LEVELS OF COSTS MENTIONED IN THE CCAQ REPORT, HE SAID, ARE THE ACTUAL COSTS INVOLVED BUT THE QUESTION OF HOW THEY SHOULD BE SHARED BETWEEN UNDP AND THE EXECUTING AGENCIES IS AN ENTIRELY DIFFERENT MATTER. FAO AT LEAST DOES NOT EXPECT THE GOVERNING COUNCIL TO APPROVE REIMBURSEMENTS AT A LEVEL OF 20-25 PERCENT. THE QUESTION TO UNCLASSIFIED

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BE RESOLVED IS, "HOW MUCH?" THE G.C. WILL DECIDE THE ANSWER AND THE DECISION WILL HAVE ITS CONSEQUENCES IN THE UNDP AND IN THE GOVERNING BODIES OF THE EXECUTING AGENCIES. ALL COSTS MUST BE COVERED WHETHER IN REGULAR BUDGETS OR FROM UNDP FUNDS. THE COUNCILS VIEWS AS EXPRESSED IN COMMITTEE WILL BE VERY USEFUL TO FAO AND OTHER AGENCIES AND WILL BE TAKEN FULLY INTO ACCOUNT.

6. COMMITTEE GRUDIGINGLY APPROVED ADDITIONAL OVERHEAD PAYMENTS

TO IMCO, UNCTAD, UPU, WMO AND ICAO IN AMOUNTS NOTED DP/37. THERE
WAS AMPLE EVIDENCE HOWEVER THAT G.C. MEMBERS ARE INCREASINGLY
RELUCTANT AND UNENTHUSIASTIC ABOUT THESE EXTRA PAYMENTS.
ADMINISTRATION ASSURED COMMITTEE THAT REQUESTS FOR EXTRA PAYMENTS
ARE VERY CAREFULLY SCRUTINIZED AND MANY REFUSED BUT DELEGATIONS
CLEARLY NOT PERSUADED.
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Message Attributes

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